



DEPARTMENT OF CONSERVATION

DIVISION OF RECYCLING

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December 17, 2008

IMPORTANT NOTICE

To: All Recycling Program Participants

It has recently come to the Department's attention that many recycling program participants are concerned about scrap value figures being used for the 2009 Processing Fee/Payment Calculation. This concern apparently arises from observed decreases in scrap values for many (though not all) material types subject to the processing fee/payment provisions of the Beverage Container Recycling Program. PET plastic scrap prices have decreased approximately 20 percent since earlier in the calendar year, but glass and HDPE scrap values have increased by about 100 percent and 30 percent since earlier in the calendar year, respectively.

Some program participants have suggested that the Department should utilize a survey methodology that only considers the most recent three months of available scrap value data. It is suggested that changes in law, effective on January 1, 2009, would allow such a methodology. The Department has reviewed the changes in the Beverage Container Recycling law and finds that under both current law and the law as it will read on January 1, 2009, the Department is compelled to review 12 full months of scrap value data.

As of January 1, 2009, the Department retains the authority to quarterly review the processing payment amounts in light of changing scrap values and will consider such an option for the quarter that begins on April 1, 2009. The Department is aware of and concerned with the health of the recycling infrastructure and takes steps to ensure its viability. The Department has had this discretionary authority to quarterly adjust processing payments and has invoked it (or not) in the past to ensure viable recycling in California. For instance, the Department found earlier this year that scrap values had increased for some material types by greater than the 5 percent threshold. This could have triggered a reduction in the processing payment. However, the Department was also aware that the cost of recycling (which is only resurveyed every two years) had been increasing due to higher fuel costs. Rather than reduce the amount of the processing payment due to the increasing scrap values, the Department left the processing payment amount intact, owing to the need to further the objectives of the recycling program by ensuring a healthy recycler infrastructure.

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As noted above, the Department will be reviewing the most recent scrap value data available when considering the option of making a quarterly processing payment adjustment, effective April 1, 2009.

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for Recycling